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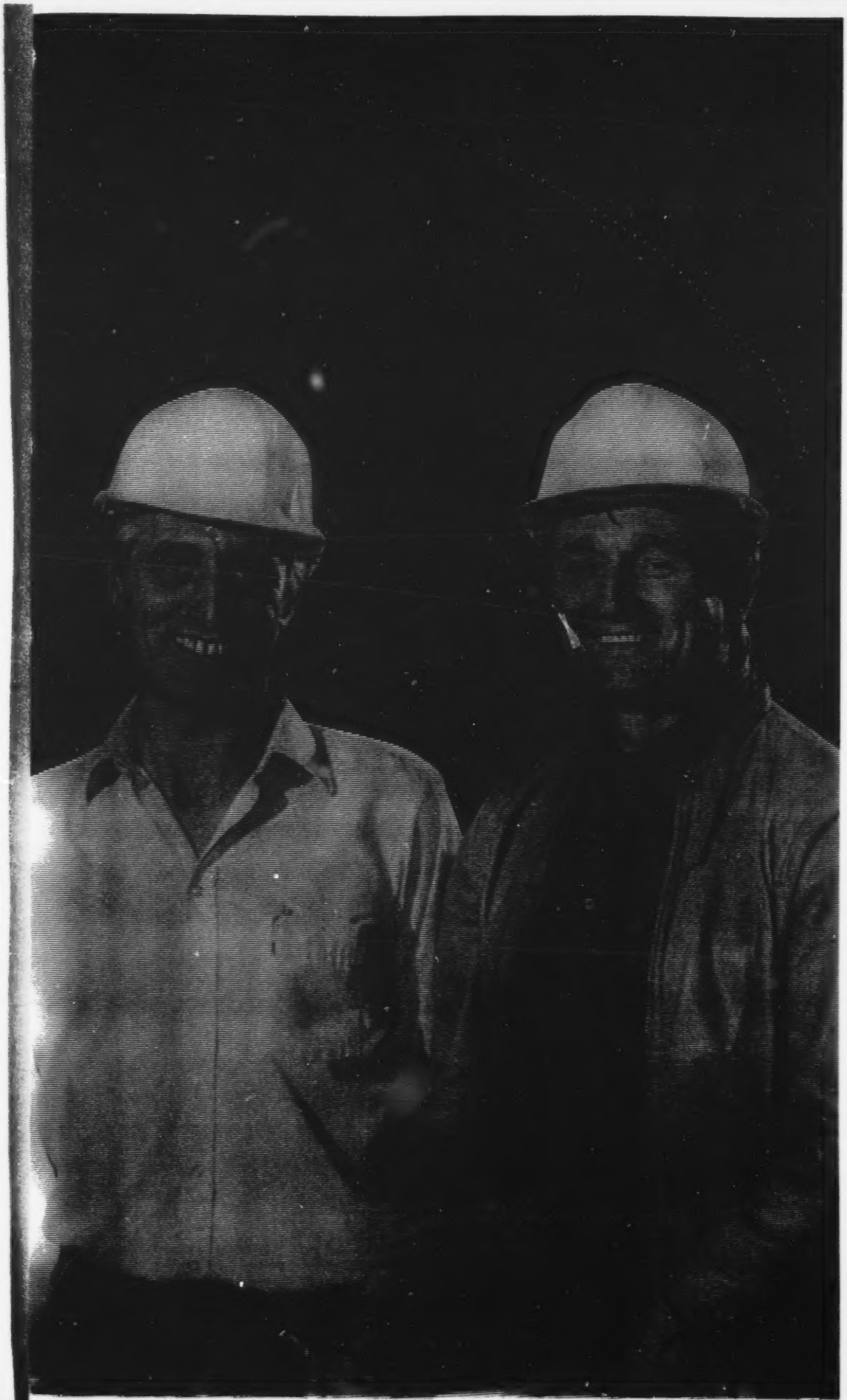

Annual Report

for the year ended

March 31,

1988

Turning

Opportunity

Into

Enterprise.

AOC

ALBERTA OPPORTUNITY COMPANY

Cover: *left to right,*
Sebastian Heemskerk, President,
and Hans Drunkemolle, Plant
Manager of Key Concrete Ltd.
Calgary — see Profile page 11.

How we're turning Opportunity into Enterprise.

Successful entrepreneurs start out with the seed of a good idea. It is the mandate of Alberta Opportunity Company to encourage those ideas to grow and flourish. Successful enterprises contribute to the growth and diversification of Alberta's economy and the well-being of all Albertans. AOC offers alternative financing when conventional sources aren't available. And, we offer valuable advice: helping new businesses get off on the right track and helping existing businesses get back on track. The opportunities for Alberta's entrepreneurs and the need for AOC's services have never been greater, and we remain committed to helping to turn opportunity into enterprise.

■

Board of Directors

Chairman
W. Paul Lefaivre
Edmonton

President &
Managing Director
Roy W. Parker
Ponoka

A. Wayne Taylor
Fort McMurray

Rollie R. Johnson
High Prairie

Jack C. Donald
Red Deer

James L. Smith
Olds

Lawrence H. Baisley
Medicine Hat

Robert M. Parkyn,
F.C.A.
Lethbridge

Nels S. Nelson
Grimshaw

Norman A. Lawrence,
P.Eng.
Edmonton

Wayne R. Watts
Wainwright

Ron H. Blake
Edmonton

J. Allan Sarkissian
Edmonton

Robert D. Matheson
Calgary

Walter Holowack
Grande Cache

■

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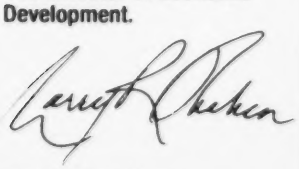
Heritage Fund

Alberta Opportunity Fund Act

"There is hereby established a fund under the name of the Alberta Opportunity Fund, the total amount of which shall not exceed $300,000,000, and which shall be held and administered by the Company with the object of promoting the development of resources and the general growth and diversification of the economy of Alberta. The Board has direction and control over the conduct and affairs of the Company."

■

Alberta Opportunity Company reports to the legislature through:
The Minister of Economic Development.



The Honourable
Larry R. Shaben

A Report from the Directors

W. Paul Lefaivre
Chairman

Roy W. Parker
President &
Managing Director

"Alberta Opportunity Company's goal of assisting in the development and diversification of the Province's economy continues to be paramount."

Fiscal 1988, for the Alberta Opportunity Company, again confirmed the entrepreneurial spirit of Alberta's business community. During the past year, the demand for AOC's financial and management assistance in all sectors of the economy set new records. This increased economic activity in the Province confirms the optimism of entrepreneurs regarding the future of doing business in Alberta.

AOC's goal of assisting in the development and diversification of the Province's economy continues to be paramount.

Pauline Lawrence of Edmonton is just one of many entrepreneurs who in 1987/88 undertook a business expansion with an AOC loan. Her company, Pauline's Custom Crests and Jackets Ltd., needed to relocate from the basement of her home to a commercial site and purchase state of the art equipment to meet the demands on her custom cresting business. In addition to financing the expansions of successful businesses, AOC continued to play a leading role in assisting new businesses to get established; 20% of all loans in fiscal 1988 helped start up new Alberta businesses.

AOC's student loan programme continues to be an important source of funding for Alberta students launching summer businesses. These businesses not only enable their owners to finance further education, but provide them with invaluable experience in entrepreneurship. During 1987/88, the student loan programme provided 43 young people with funding of $104,400 to start up 38 small businesses employing 267 students. This successful initiative provided students like Tom Lawrence and his ten employees with essential summer employment. Tom's College Pro Painting business achieved $88,000 in gross sales in the summer of 1987.

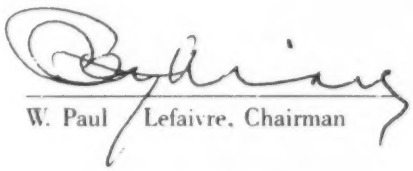
AOC's successful seminar "Making Your Ideas Work" was held in May 1987 in Calgary. The seminar provided advice and guidance to potential entrepreneurs interested in launching their own businesses by putting them in touch with business people who had already gone through a new business start-up. As a result of the positive response to this seminar, AOC will be conducting one in Edmonton in September of 1988 which will focus on upgrading skills for those who have already established a business, as well as providing advice and necessary insights for potential entrepreneurs. This seminar is well launched and early indications show an excellent response.

During the past year, AOC's Venture Capital Division came into its own. This Venture Capital programme, which provides funds for Alberta businesses in leading edge technology (including high technology, tourism, manufacturing and forest products businesses) approved 12 investments for approximately $11 million. Among those companies receiving AOC equity funding was Vista Laboratories Ltd. of Edmonton. Vista produces and sells sophisticated medical laboratory equipment for the Canadian and U.S. markets. This investment will allow the company to expand production and sales, as well as provide funding for marketing of its well-received leading edge product.

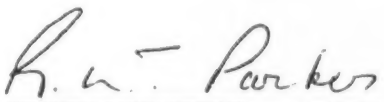
AOC's Consulting Services Department continues to operate at capacity, having served some 1,000 clients in the past seven years. The demand for these services continues to tax our resources, and the backlog of requests for consulting services from AOC's clients continues at a high level. The value of these services is well demonstrated by service companies such as Charter Coating Services Ltd. of Calgary which, with AOC's assistance, increased its market share by 80%. In Rolling Hills, Douglas Drake requested and received our help in completely renovating and remerchandising his lumber yard/hardware operation.

The need for and the demands upon AOC's services have never been greater. AOC's Board of Directors, Management and Staff continue to believe that the outlook for Alberta's economy is strong and that our economy will be driven largely by entrepreneurs starting and expanding small businesses. These hardworking citizens, through initiative and vision, will help ensure that Alberta remains an excellent place to live, work and succeed.

For the Board of Directors:



W. Paul Lefaivre, Chairman



Roy W. Parker
President and Managing Director

Head Office

Ponoka
5110 - 49 Avenue
P.O. Box 1860
T0C 2H0
Telephone (403) 783-7011

President &
Managing Director
Roy W. Parker

Vice President,
Lending
J.R. Anderson

Vice President,
Administration
Brian W. Parsk, C.A.

Vice President,
Support Services
D.E. Trenerry

Vice President,
Venture Funding
John D. Kennedy

Assistant Vice Presidents,
Lending

J. Wayne Blair

Assistant Vice President,
Finance & Comptroller
James D. Gill

Branch Offices

Ponoka
5110 - 49 Avenue
P.O. Box 1860 T0C 2H0
Telephone (403) 783-7011
Manager: H.J.C. Boyd

Edmonton
1275 Weber Centre
5555 Calgary Trail T6H 5P9
Telephone (403) 427-2140
Manager: A.M. Foulston

Grande Prairie
#304 Richmond Square Building
9804 - 100 Avenue T8V 0T8
Telephone (403) 538-5220
Manager: J.D. Ablett

Peace River
9811 - 98 Avenue T0H 2X0
Telephone (403) 624-6387
Manager: H.M. Caveny

St. Paul
Suite 200, 4341 - 50 Avenue
P.O. Box 1990 T0A 3A0
Telephone (403) 645-6356
Manager: Armand Tessier

Edson
4924 - 1st Avenue
P.O. Box 2940 T0E 0P0
Telephone (403) 723-6260
Resident Loans Officer:
K.B. Sutherland

Red Deer
Suite 504, Parkland Square Building
4901 - 48 Street T4N 6M4
Telephone (403) 340-5551
Manager: D.C. Niemetz

Lloydminster
5019 - 50 Street T9V 0L9
Telephone (403) 871-6490
Manager: G.D. Noe

Calgary
Suite 790, 10655 South Port Road, S.W.
T2W 4Y1
Telephone (403) 297-6437
Manager: B.W.E. Conroy

Lethbridge
Suite 201, 714 - 5 Avenue South
T1J 0V1
Telephone (403) 381-5474
Manager: R.A. Fredrickson

Medicine Hat
Suite 202, Royal Bank Building
578 - 3rd Street S.E. T1A 0H3
Telephone (403) 529-3594
Manager: J.R. Douglas

Brooks
Brooks School District Office
408 - 1 Street West
P.O. Box 307 T0J 0J0
Telephone (403) 362-1270
Resident Loans Officer:
G.J. Pollock

Profiles

G. Bart Davies

Sales Manager, Lethbridge Iron Works

Darwin Semenchuk

President, Darwest Oil Services Ltd.

Wayne Rendle

President, Ren Can Transmissions Ltd.

Sebastian Heemskerk

President, Key Concrete Ltd. and Key Concrete, Iron Division

Terry Hay

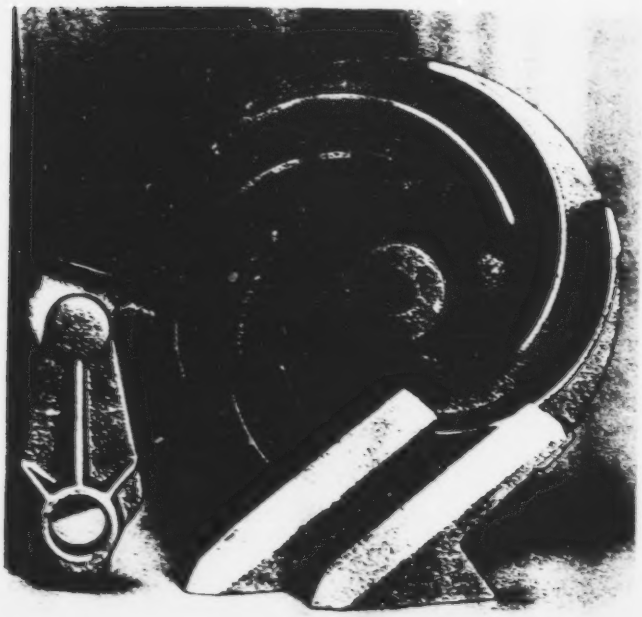
President, Sci-Can Diagnostics Inc.

he eighties have been exciting, profitable times for some entrepreneurs, and a hard trial for others. We admire those whose hard work and tenacity have kept their businesses viable through hard times, and those whose vision and dreams have driven them to become new business success stories in the past year. AOC was there in the seventies, when our economy was booming. We gave new business a boost and helped existing businesses expand. And we were there in the mid-eighties when the economy slowed to a crawl. AOC salutes the hundreds of hard-working Alberta entrepreneurs whose innovative ideas paid off in 1987. Here are just five of their stories...

Lethbridge Iron Works

"In 1974 we became so busy that we were quoting one year delivery on a new order for a casting...that's when we had to take the bull by the horns and build a new plant. And that's when we went to AOC."

G. Bart Davies,
Sales Manager,
Lethbridge Iron Works



A family tradition and a part of Alberta's history, Lethbridge Iron Works was established in 1898, seven years before Alberta became a province. The company is still going strong 90 years later.

The tradition of the Davies family ownership began shortly after WWI, when George Davies Sr. joined the company. He retired as president 30 years later. The company has been passed on through two generations of Davies since then. Today, George B. Davies is General Manager and his son, G. Bart Davies, is Sales Manager.

Lethbridge Iron Works is a ferrous foundry producing ductile, grey, and abrasion-resistant iron castings. These castings are used in various types of machinery such as farm implements, and pneumatic and hydraulic cylinders. The company also produces general industry castings for secondary automotive manufacturing. The well-known Foremost track vehicles produced in Calgary contain a large number of the company's castings. These vehicles have been exported to countries around the world including Siberia, Antarctica and the Middle East.

The company specializes in the economical, high volume production of small to medium-size castings. Over 3,000 types of castings are shipped to customers from Winnipeg to Vancouver, north to Edmonton and south throughout the western United States.

In 1975, the company outgrew the old plant and with a combination of private financing, a DRIE grant and a $1.5 million loan from AOC, a fully modern plant was built.

With an annual sales volume of $5 million, 64 employees and a bright future, Lethbridge Iron Works continues to be a dynamic part of Alberta's business history.

Darwest Oil Services Ltd.

"Thanks to AOC's help, I was able to keep the company operating in Alberta. If we hadn't been able to arrange financing through AOC, chances are our business opportunity and the jobs that go with it would have gone elsewhere."

Darwin Semenchuk,
President,
Darwest Oil Services Ltd.

With impressive annual sales of $7.5 million, Darwest Oil Services Ltd. is the largest manufacturer of service station canopies and kiosks in Canada. Darwest pre-fabricates custom-made products for each of its customers — the 7 major retail petroleum companies in the country.

It's likely the service station kiosks and canopies you'll see have been manufactured by Darwest. The company's primary market area is western Canada, but products have been shipped as far as St. John's, Newfoundland.

Darwest also acts as a general contractor, building service stations, bulk plants, and just about anything to do with construction in the refined petroleum industry.

Sole owner Darwin Semenchuk identified the need for pre-fabricated products while he was employed by a major oil company. He started a similar company to Darwest in 1972, then sold out and formed the present company in 1975.

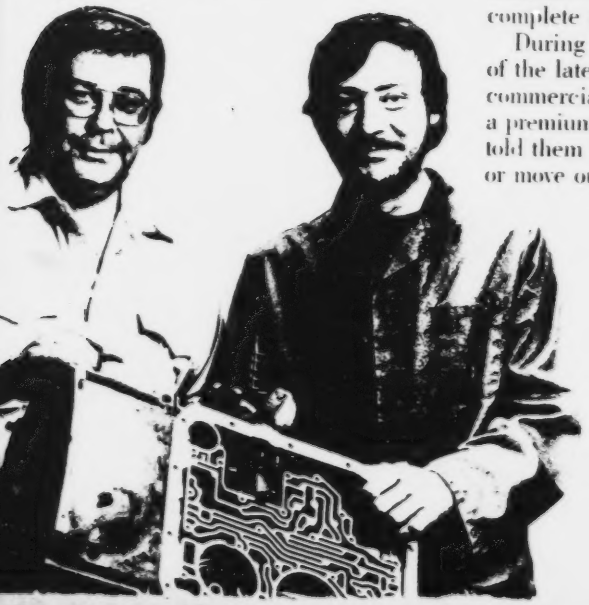
The company has grown from 5 employees to a high of 220 in the late seventies. In 1985, the downturn in the economy made a significant impact on Darwest, but the company was able to weather the economic storm with the help of two AOC loans. The first in 1985 for $150,000 has been paid back, the second was approved for $600,000 in 1986.

Today, this Edmonton-based company employs 75 full-time workers and anticipates a small increase in sales. Darwest Oil Services remains on top by producing the high quality products its customers demand.

Ren Can Transmissions Ltd.

"AOC has always been good to us. They said they would always be there for us...and they have. They're always helpful. When mortgage rates were incredibly high, AOC helped us out with a reasonable fixed rate."

Wayne Rendle,
President,
Ren Can Transmissions Ltd.



After working as an employee in the automotive service industry for many years, Wayne Rendle decided it was time to be his own boss. In 1976, Wayne and a partner started Ren Can Transmissions Ltd. to service Lloydminster and surrounding area. The company offers retail and commercial automotive repair and specializes in transmission repair including a complete rebuilding service.

During Alberta's oil boom years of the late 70's and early 80's, commercial and retail space was at a premium, and Ren Can's landlord told them to either buy the building or move out. In 1979, with no suitable alternative site, the Ren Can Holding Company was formed to purchase the building.

Interest rates reached a high of 18% — a huge load for a small business to carry. In 1984, AOC stepped in with a $219,000 loan to re-finance the building mortgage at a 13% fixed rate.

Today, the shop employs 4 full-time mechanics, plus co-owners Wayne and wife Gloria. While sales volumes decreased somewhat after the boom years, Wayne and Gloria are optimistic about the future. They project an expansion to realize full capacity in the near future.

Key Concrete Ltd.

Diversification and computer technology are the ingredients to success for Key Concrete Ltd. This fully computerized, 21,000 sq.ft. plant located in Calgary manufactures pre-cast concrete for a multitude of applications including both consumer products, and municipal, architectural and structural uses.

Key Concrete manufactures products as diverse as parking curbs, bridge panels, pre-cast steps, paving stones, median barriers, boat ramps and park benches. The Iron Division produces a wide range of iron work products from ordinary manhole covers to the unique "elephants and birds" artwork on the Calgary Zoo overpass.

Owners Sebastian Heemskerk and his wife, Avemaria, brought the company back to life after the recession hit in the early eighties. The two mortgaged their home and with help from AOC in the form of a $500,000 loan, they were able to increase annual sales volumes from a low of $1.2 million to $2.4 million last year.

This year Sebastian projects sales to reach $2.8 million. As he says, "We're always diversifying. It's the only way to keep ahead of the market. Recently, we went into sound barrier fencing and received a $400,000 contract from the City of Calgary."

Hard work, determination and help from AOC kept a viable company in business.

"If AOC hadn't come through with this loan, Key Concrete would have closed its doors in 1984. We have one of the most modern batch plants in North America, but unfortunately the banks didn't appreciate this fact... AOC did. They allowed us to come back."

Sebastian Heemskerk,
President,
Key Concrete Ltd. and
Key Concrete, Iron Division

Sci-Can Diagnostics Inc.

"The most exciting thing from my side was AOC's understanding of the risks in this type of business. The people I have dealt with had a complete understanding of this type of technology. They did their homework well."

Terry Hay,
President,
Sci-Can Diagnostics Inc.

A fire-side chat between two good friends resulted in the formation of this innovative company. Dr. Tom Wegmann and Peter Rempel realized no one was taking advantage of the simple technology of producing anti-sera (derived from animal serum) for research. And no one was taking it to the marketplace. Why not them?

In 1985, the founders, along with financial expert Terry Hay, brought science, business and marketing together to form a highly successful biotechnology company supplying a broad range of high quality diagnostic and research products to the international medical community. The winning formula — produce cheaply and sell at a moderate price to an open market.

Sci-Can's most recent product had its beginnings when Dr. Doug Green of the University of Alberta discovered a method for separating T-Cells by utilizing a filter system. T-Cells have a wide range of research applications including AIDS research.

This new product required further research funding to achieve full development. Sci-Can's usual source of private funding had dried up and various financial institutions were approached without success. That's when AOC's Venture Funding Division became involved — and approved a $300,000 investment to develop and market the new T-Cell product.

Today, the future looks bright for Sci-Can. A January announcement heralding the new product met with immediate success. With the planned product line expansion over the next five years, Sci-Can will be employing upwards of 50 people.

"Science is not trying to do the marketing and marketing is not trying to do the science," says Terry Hay. "We've put together an efficient, aggressive machine with the assistance of AOC and our Marketing Director, Garth Lakes. We are now expanding into the Japanese market and negotiating distribution rights and collaboration on new products. With the help of AOC, Sci-Can is ready to enter a second phase in its growth."

Auditor's Report

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

To the Board of Directors of the
Alberta Opportunity Company

I have examined the balance sheet of the Alberta Opportunity Company as at March 31, 1988 and the statements of revenue and expenses and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

Edmonton, Alberta
April 29, 1988

C.A.
Auditor General

Balance Sheet March 31, 1988

Assets

	1988	1987
Cash	$ 8,887,200	$ 4,293,400
Accounts receivable	419,800	127,200
Property held for sale (Note 3)	5,538,600	5,582,700
Loans receivable (Note 4)	128,466,900	132,693,500
Venture investments (Note 5)	3,013,300	–
Fixed assets (Note 6)	248,300	295,700
	$146,574,100	$142,992,500

Liabilities and Accumulated Deficit

Accounts payable and accrued expenses	$ 1,811,300	$ 1,734,400
Bank guarantees called	2,065,000	2,415,000
Promissory note	–	4,100,000
Long term debt (Note 7)	164,800,000	155,600,000
	168,676,300	163,849,400
Accumulated deficit (Note 8)	(22,102,200)	(20,856,900)
	$146,574,100	$142,992,500

Accepted on behalf of the Board:

W. Paul Lefaivre, Chairman

Jack C. Donald, Director

The accompanying notes are part of these financial statements.

Statement of Revenue and Expenses

For the year ended March 31, 1988

	1988	1987
Revenue:		
Interest	$15,990,200	$15,941,200
Grant from the Province of Alberta (Note 8)	11,795,000	11,834,300
	27,785,200	27,775,500
Expenses:		
Interest expense	15,408,100	16,992,400
Provision for doubtful accounts (Note 4)	7,367,000	5,050,700
Bad debt recoveries	(517,500)	(533,200)
Other operating expenses	6,826,500	6,879,300
Venture investment division expenses (Note 10)	1,546,400	–
	30,630,500	28,389,200
Net loss for the year	$ (2,845,300)	$ (613,700)

Statement of Changes in Financial Position

For the year ended March 31, 1988

Cash provided by (used for):	1988	1987
Operations		
Net loss for the year	$ (2,845,300)	$ (613,700)
Non-cash items:		
Provision for doubtful accounts	8,371,500	5,050,700
Other	(30,900)	591,700
Property held for sale	184,300	(318,300)
Loans receivable:		
Disbursed	(28,016,300)	(29,571,100)
Repaid	24,875,900	25,702,500
Venture investments:		
Disbursed	(4,017,800)	–
Other	(627,600)	(792,600)
	(2,106,200)	49,200
Financing		
Long term debt:		
Issued	48,000,000	33,000,000
Repaid	(38,800,000)	(39,800,000)
Promissory note:		
Issued	–	4,100,000
Repaid	(4,100,000)	–
Grant from Province of Alberta	1,600,000	1,600,000
	6,700,000	(1,100,000)
Increase (decrease) during the year	4,593,800	(1,050,800)
Cash at beginning of year	4,293,400	5,344,200
Cash at end of year	$ 8,887,200	$ 4,293,400

Notes to the Financial Statements March 31, 1988

Note 1

Authority

The Alberta Opportunity Company operates under the authority of the Alberta Opportunity Fund Act, Chapter A-34, Revised Statutes of Alberta 1980, as amended.

Note 2

Significant accounting policies

Property held for sale:

Property held for sale by the Company is valued at the lower of cost or net realizable value.

Allowance for doubtful accounts:

Loans receivable

The provision for doubtful accounts is determined following a detailed review of the accounts and is based on the Company's historical experience.

Venture investments

None of the venture investments made appear to be in difficulty. However, in the absence of any long-term loss experience with this portfolio, an allowance of 25% of the funds advanced has been provided.

Venture investments:

Venture share investments are recorded at the lower of cost or net realizable value.

Fixed assets:

Equipment owned by the Company is valued at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates of 15% and 20% per annum.

Leasehold improvements are valued at cost less accumulated amortization. Amortization is calculated over the remaining term of each lease.

Revenue recognition:

Interest on loans is recorded as income on an accrual basis. Interest and dividends on venture investments are recorded as income when received.

Note 3

Property held for sale

	1988	1987
Cost	$8,456,900	$8,641,200
Less: Allowance for reduction in property values	2,918,300	3,058,500
	$5,538,600	$5,582,700

Note 4

Loans receivable

	1988	1987
Loans and accrued interest receivable	$144,344,800	$147,437,200
Less: Allowance for doubtful accounts	15,877,900	14,743,700
	$128,466,900	$132,693,500

The details of the allowance for doubtful accounts are as follows:

	1988	1987
Balance, beginning of year	$14,743,700	$14,053,200
Provision	7,367,000	5,050,700
Accounts written off	(6,232,800)	(4,360,200)
Balance, end of year	$15,877,900	$14,743,700

Note 5

Venture investments

	1988	1987
Convertible debentures	$3,017,800	$ -
Common shares	1,000,000	-
	4,017,800	-
Less: Allowance for doubtful accounts	1,004,500	-
	$3,013,300	$ -

Note 6

Fixed assets

	1988	1987
Equipment	$627,600	$578,500
Less: Accumulated depreciation	405,400	318,600
	222,200	259,900
Leasehold improvements	163,300	150,500
Less: Accumulated amortization	137,200	114,700
	26,100	35,800
	$248,300	$295,700

Note 7

Long term debt

The following debenture debt series comprise debentures issued in varying amounts, rates of interest and maturity dates to the Province of Alberta and held by the Alberta Heritage Savings Trust Fund:

	Issued	Interest Rates	Maturity Dates	Balance Outstanding
Series A	$ 50,000,000	9.90%	March 31, 1989	$ 50,000,000
Series C	180,000,000	8.06% to 13.50%	September 30, 1988 to March 31, 1993	114,800,000
	$230,000,000			$164,800,000

Principal repayments are scheduled as follows:

Year ending March 31,	1989	$ 86,000,000	1992	16,200,000
	1990	30,000,000	1993	9,600,000
	1991	23,000,000		$164,800,000

Note 8

Accumulated deficit

	1988	1987
Balance, beginning of year	$(20,856,900)	$(21,843,200)
Grant from the Province of Alberta	1,600,000	1,600,000
Net loss for the year	(2,845,300)	(613,700)
Balance, end of year	$(22,102,200)	$(20,856,900)

The Province of Alberta provides financing designed to eliminate the deficit balance existing at March 31, 1983 of approximately $8,000,000 by way of providing an annual grant of $1,600,000 in each of the five years ending March 31, 1988.

The agreement also provides for additional financing by way of an annual grant to the Company for the assistance of small business. For the year ending March 31, 1988 $11,795,000 ($11,834,300 - 1987) was provided for this purpose.

Note 9

Income (loss) on property held for sale

	1988	1987
Provision for reduction in property values	$ 146,100	$ (487,200)
Disposals:		
Gains	370,100	57,600
Losses	(777,300)	(190,500)
	(407,200)	(132,900)
Operating results:		
Revenue	1,845,200	1,118,500
Expenses	(1,712,600)	(1,158,400)
	132,600	(39,900)
	$ (128,500)	$ (660,000)

Note 10

Venture investment division expenses

During 1987 the Alberta Opportunity Company started the venture investment division. This new division takes active minority equity positions in Alberta companies giving priority to leading edge high technology enterprises.

During the first 11 months of operation, since starting this small division with five professional staff, Alberta Opportunity Company approved 12 proposals for a total investment of $11,000,000. Of these investments, eight companies have developed sophisticated micro electronic products. The remaining investments were placed in manufacturing or service concerns. No income has been recorded for this division's operations during the year, however, a total of $1,546,400 of expenses were incurred including $1,004,500 as provision for doubtful accounts on $4,017,800 of investments.

Note 11

Contingent liabilities

Guarantees of bank loans:

The Company is contingently liable as a guarantor of bank loans aggregating $998,000 ($815,000 - 1987).

Legal actions:

There are 55 claims totalling approximately $37,135,000 (53 claims totalling approximately $29,350,000 - 1987) against the Company and/or its various agents. The Company considers that a valid defence exists in each instance and no material loss is anticipated.

Note 12

Commitments

Authorizations undisbursed:	1988	1987
Loans	$17,254,300	$10,969,300
Guarantees	25,000	210,000
Venture investments	7,612,900	500,000
	$24,892,200	$11,679,300

Note 13

Comparative figures

The 1987 figures have been reclassified where necessary to conform to 1988 presentation.

Note 14

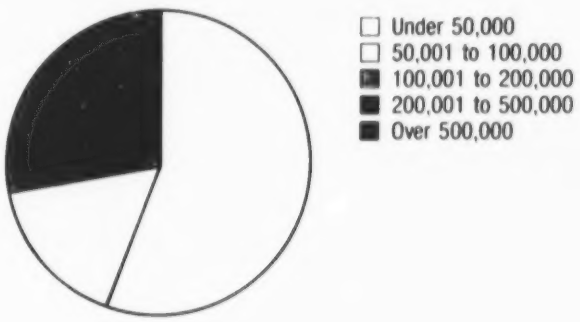
Financial statement review

These financial statements, which have been prepared by the Company, have been reviewed by both the management of the Company and the Audit and Budget Committee of the Board and accepted by the Board of Directors.

Loans, Guarantees & Venture Investments

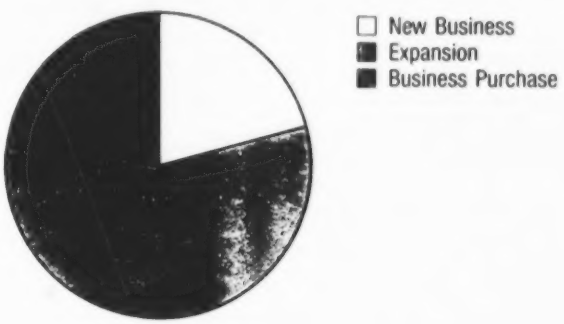
1988 Authorizations, By Size

55% of new loans and guarantees were under $50,000. 3% were over $500,000.



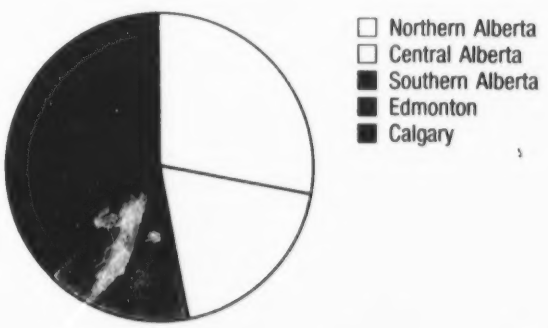
1988 Authorizations, By Purpose

56% of new loans and guarantees were provided for expansion, 21% to start new businesses and 23% to purchase enterprises.



1988 Authorizations, By Region

Southern Alberta received approval for 16% of the new loans and guarantees, the north 28%, central Alberta and Calgary area 19% each and Edmonton 18%.



Loan & Guarantee Authorizations & Venture Investments

	1988		1987		1986		1985	
	#	$	#	$	#	$	#	$
Applications Received	**1144**	**150,611,800**	1190	169,523,600	973	126,750,800	1070	167,437,400
Authorizations Made	**391**	**46,048,600**	388	34,236,700	316	23,159,400	292	29,180,900
Average Amount		**117,800**		88,200		73,300		99,900
Median Amount		**45,000**		45,300		47,600		50,600
Authorizations by Size								
Under 50,000	**218**	**4,642,600**	214	4,271,500	166	3,291,600	145	3,301,900
50,001 to 100,000	**64**	**4,714,100**	71	5,397,900	80	5,784,700	71	5,484,000
100,001 to 200,000	**66**	**9,333,900**	71	10,456,500	50	7,109,700	43	6,557,500
200,001 to 500,000	**31**	**8,668,000**	22	6,070,800	17	5,083,400	29	9,016,500
Over 500,000	**12**	**18,690,000**	10	8,040,000	3	1,890,000	4	4,821,000
Authorizations by Purpose								
Establish New Business	**81**	**8,509,200**	105	4,003,100	79	3,049,600	58	5,112,300
Expand Existing Business	**219**	**28,997,500**	203	22,181,900	127	10,335,500	171	18,082,700
Purchase Existing Business	**91**	**8,541,900**	80	8,051,700	110	9,774,300	63	5,985,900
Authorizations by Region								
Northern Alberta	**108**	**16,189,000**	82	8,105,100	84	7,507,200	36	9,924,200
Central Alberta	**75**	**7,938,000**	72	5,081,600	55	4,560,000	67	6,224,200
Southern Alberta	**61**	**4,288,100**	109	8,797,500	77	6,997,000	76	9,298,000
Edmonton	**73**	**9,504,000**	50	3,261,700	38	2,077,900	20	1,429,000
Calgary	**74**	**8,129,500**	75	8,990,800	62	2,017,300	43	2,305,500

Authorizations by Region (Accumulated to March 31, 1988)

Region	#	$
Northern Alberta	1183	133,179,200
Central Alberta	958	105,369,800
Southern Alberta	1112	112,566,800
Edmonton	630	62,230,400
Calgary	738	74,064,300